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CENTRAL INTELLIGENCE AGENCY

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State Department review completed

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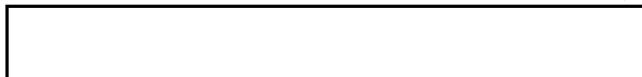
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USSR

1. Embassy Moscow speculates on Soviet policy at San Francisco:

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The US Embassy in Moscow suggests that at San Francisco the Soviet Union may attempt to minimize substantive differences between the Kremlin's previously expressed views and the

text of the US-UK draft. Thus, the Soviet Government would seek to give the impression that it could sign the treaty if Communist China is brought in on the final discussions concerning treaty differences, and if the treaty contains no provision for future Japanese security arrangements. The USSR would attribute its objection to such a provision to a fear that Japanese sovereignty would be limited.

Since this position would parallel that of India, the embassy believes that Moscow may consider it as the best hope of dissuading hesitant countries from signing, while holding out the prospect that the Kremlin is willing to make some sacrifices on the treaty in exchange for an over-all settlement in the Far East.

Noting the lack of progress at the cease-fire conference in Korea, the embassy also suggests the possibility that Soviet delegation members, in private discussions with other delegates, may attempt to bring pressure by threatening a final rupture of the Kaesong talks.

Comment: Embassy Moscow previously expressed the opinion that Soviet participation in the conference was designed to delay the treaty, to capitalize on the reservations of some states with regard to the draft, and to maintain the pretense of a desire for settlement on major issues with the West.

In view of the refusal of India and Burma to sign the US-UK draft, the USSR can exploit their absence, as well as that of Communist China, as evidence that Asian nations do not support the Western treaty. The Soviet delegation will presumably employ tactics at San Francisco to encourage further defections among doubtful signers like Indonesia, Pakistan and some Arab states.

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NEAR EAST

5. Greek Marshal Papagos confident of electoral victory:

Marshal Papagos, a candidate in the Greek elections of 9 September, has privately informed the US Ambassador that when -- not if -- he forms the new government, he will

become both Prime Minister and Minister of National Defense. The latter position would enable him to clear up the "deteriorated military situation." Papagos expressed the fear that if the King did not relinquish the position of Commander-in-Chief of the Armed Forces before the elections, "there would be considerable embarrassment for all concerned."

Comment: Recent palace and government efforts to weaken Papagos' candidacy by tampering with the army have reduced its morale and efficiency, and he is convinced that strong measures must be taken if this influence is to be counteracted.

WESTERN EUROPE

25X1A 6. French seek discussion in Washington of Allied "rights" in Germany:

French Foreign Office officials recommend discussion, in the forthcoming Washington Foreign Ministers talks, of only the major issues involved in the substitution of con-

tractual relations for the Occupation regime in Germany. Minor disagreements and details would be handled by the Allied High Commission.

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On some of these main issues the French are strongly opposed to making Allied rights subject to the prospective contractual agreements with Germany. These rights include investigation of scientific and industrial developments, an Allied function which might be placed under the Council of Ambassadors replacing the High Commission; and retention of supreme authority in a few fields, on which the Foreign Office is not yet decided.

Furthermore, the French oppose a limitation of the reserved right of intervention to cases of a "clear and present danger to security," because they fear the Allies would be reluctant to intervene in any crisis until the situation had deteriorated too far.

Comment: Ever since the Brussels talks of December 1950, the French have insisted that the Allies retain some sovereign powers in Germany beyond the rights enjoyed under the anticipated contractual agreements.

More recently, the French have become somewhat less liberal in their attitude toward restraints on the Germans than they were. This trend is influenced by developments in West Germany, where the press is currently agitating for the complete abolition of all Allied rights in Germany.

The Bonn government, moreover, while recognizing that the Allies will of necessity retain special rights growing out of the quadripartite arrangements at the end of the war, can be expected strongly to oppose the policing of German scientific and industrial work.